



Berkeley FIRST

**Berkeley Financing Initiative for
Renewable and Solar Technology**



Berkeley's Environmental Leadership

- History of environmental action
 - Pioneered curbside recycling
 - First city to ban Styrofoam containers
 - First city to “adopt” Kyoto Protocol
- Named the 3rd “most sustainable” and 7th “greenest” city in the United States
- ICLEI Analysis:

Berkeley reduced greenhouse gas emissions 8.9% from 2000-2005.



Berkeley Measure G

- Measure G -- Aggressive local action to reduce greenhouse gas emissions
 - 80% reduction by 2050
 - Directs mayor to develop plan in 2007
- Major components of climate action effort
 - Develop cutting edge policy
 - Community-based outreach and action
 - Build the green economy



Berkeley FIRST

- Berkeley FIRST
 - Financing Initiative for **R**enewable and **S**olar Technology
- Program under development
- Property owners pay for energy projects as a voluntary 20-year special tax on their property tax bills
 - Additional property tax = cost of individual project
- City secures upfront funding for projects through issuance of taxable special tax bond.



“An idea so brilliant everyone else ought to copy it.” – *San Jose Mercury News*

“Count on Berkeley to bring solar power to the people.” – *Arizona Daily Star*

“a model for cities nationwide” – *Oakland Tribune*



Benefits of Berkeley FIRST

- Addresses financial hurdles for small-scale solar/ energy efficiency projects
 - Little or no upfront cost to property owner
 - Special tax transfers with property
 - Lower interest rates on borrowed funds than through traditional home equity loan
 - When bundled with efficiency, utility cost savings may cover most of special tax from year one.



How It Works

- City creates financing district formation procedure code and forms “special tax district”
- Property owners contract directly with installers/contractors
 - Must conform to California Solar Initiative
- City/financial partner approve project, confirm property liens and value
- Special Tax lien placed on property, funds released for project
- Exactly when funds are released is under discussion.



Financing Details

- Financing structure may include Draw-Down bond or a Warehouse Line of Credit aggregated to a bond
- Interest rate lock will be determined based on type of financing structure
- Bondholder(s) will receive semi-annual special tax payments from City



Issues to be Resolved

- Energy efficiency component
- Financing District
 - Administration
 - Special tax amortization
- Federal solar tax credit
- Tax deductibility
- Quality assurance
- City liability issues



Process

- Workshops for the community and installers/ contractors
- Negotiations with financial institutions
- City Council adopts special tax ordinance
- City Council finalizes financial terms and program specifics
- Pilot Program Launches
- Complete “replication guide”
- Launch full-scale program



Contact Information

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